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POTATO GROWERS MEET ON MARKETING PROBLEMS

Conference Scheduled in Washington At Request of Growers Interested in Marketing Program

A conference of representatives of the potato industry, called at the request of growers to consider marketing problems, will be held March 14, 15, and 16 at the South Building of the Department of Agriculture.

The first day of the conference will be devoted to a meeting of representatives from committees organized last fall to administer the potato marketing orders now in effect in certain producing States. Representatives from other interested States also will be present. The following 2 days of the conference will be devoted to consideration of a marketing program for the 1938 crop of potatoes.

The conference is in part an outgrowth of recommendations made to the Department of Agriculture by potato growers at the conclusion of the national conference of vegetable and potato growers held in Washington last July. More speci-

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Shelled Pecan Industry Export Program Broadened By Amendment

The shelled pecan export program has been amended to permit participation by commercial shellers, and exportation of shelled pecans to Canada and Mexico.

Under the program, as originally approved last November, growers or associations of growers, could offer shelled pecans in quantities of not less than 10,000 pounds, for export. Based on the offers, the Secretary of Agriculture allotted to each grower or to each association of growers, whose offers were accepted, a quantity of shelled pecans for export.

As amended, the program permits participation by commercial shellers, whose offers to export shelled pecans are accepted by the Secretary, on condition that they purchase from growers or associations of growers, at not less than 7 cents per pound, 3 pounds of unshelled seedling pecans for each pound of shelled pecans allotted to them for export.

The program, as amended, now permits exportations of shelled pecans to Canada and Mexico, with benefit payments of 6 cents per pound on light pecan pieces and of 8 cents per pound on light pecan halves containing not more than 750 halves to the pound, exported in accordance with the provisions of the offer.

BANG'S DISEASE WORK ENCOURAGED BY STATES

Funds Appropriated by 12 States to Supplement Federal Activities; Testing Widespread

Area testing regulations for the control of Bang's disease are in effect in 200 counties in 17 States, with 12 States having made appropriations supplementing Federal funds in the testing work, according to the dairy section.

The Bang's disease eradication program started in July 1934 with funds made available to the Agricultural Adjustment Administration under the Jones-Connally Cattle Act. Additional funds have been made available by Congress for disease-eradication work since then.

Scope of Work

Since the program started more than 22,300,000 tests have been applied to cattle in over 1,600,000 herds. More than 1,400,000 reactors to the tests have been removed. Over 8,400,000 animals are under supervision in the testing work. Federal funds expended for indemnity payments for infected cattle and operating costs are around \$45,000,000.

For the country as a whole the rate of infection in the herds tested and retested has declined from 14.9 percent in the month of July 1934, when the program was initiated, to approximately 3.7 percent in the month of January 1938.

Area Testing Started

In the early phases of the program the majority of the Federal and State officials responsible for the work concentrated their energies on the testing of individual herds and especially on those herds that were known to be badly infected. This work was spasmodic, and testing was made in herds scattered all over a State. As the program progressed it became increasingly evident to those in charge of the program that if the disease was to be brought under control, the work must be conducted on an area—or county-wide basis, and all herds in a given area must be completely tested until these herds have passed 2 consecutive clean tests. In order to successfully accomplish area testing, a quarantine must first be imposed when the work is initiated, prohibiting the

Aid to Growers Through Relief Purchases

Benefits from surplus-removal programs, measured in terms of improved market stability and maintenance of income to farmers, equal several times the amount of money spent in carrying them out, reports on recent surplus-removal operations indicate. These programs, put into effect by the Agricultural Adjustment Administration and the Federal Surplus Commodities Corporation, have provided millions of pounds of foodstuffs for distribution to the States for the use of the needy and unemployed.

While the amount of gain in agricultural income resulting from relief purchases of surplus farm products cannot be measured precisely, experience has shown that helpful effects become apparent almost as soon as a program may be announced. Important in this connection is the common knowledge that when available supplies are abnormally large, a small increase or decrease in the supply affects the market price in commercial channels materially and through it the value of the entire crop.

An actual surplus and exceptionally weak commercial markets are among the conditions which must exist before a surplus-removal program may be put into

operation for a commodity. Ordinarily, agricultural groups do not request this type of assistance unless supplies available are in excess of those which can be absorbed, forcing prices to drop to unduly low levels.

Beneficial results achieved by surplus removal programs include the following:

1. Stopped price declines by providing a bottom level for the market.

2. Restored commercial transactions at prices at or above the bottom level which was provided.

3. Absorbed excessive offerings which might have resulted in further price declines.

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AID TO GROWERS

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4. Restored the demand for a particular product by providing an outlet among persons who previously had been customers for the product, but since have become unable to buy because of being unemployed and in need.

5. Prevented excessive carry-over stocks which would depress the price of subsequent crops.

6. Supplemented marketing-agreement programs.

Surplus removal programs involving purchases for relief distribution have included a wide range of commodities. Among those bought in recent months were fruits, vegetables, dairy products, cottonseed oil, eggs, and rice.

Surplus Fruit Buying Programs Help Growers Market Big Crops

Buying of surplus apples for relief distribution started last fall and up to the first week of March over 6,700,000 bushels of apples were bought. Of this amount over 4,200,000 bushels represented fresh apples, and the remainder was used to produce over 11,800,000 pounds of dried apples.

Purchases were made in over 25 States. While prices to growers were low because the 1937 crop was so large, the purchase program had the effect of bringing about a substantial reduction in the surplus supply which aided in maintaining prices to growers above levels which otherwise would have prevailed. In addition, the relief purchases enlarged the sales outlet for growers.

Oranges Bought

Assistance in marketing the largest crop of oranges in the history of the citrus industry was extended to growers this season through a program of buying part of the surplus for relief distribution. Buying operations in the California-Arizona area started during the middle of December to supplement operations under a marketing agreement program which enables the industry to bring about an adjustment of shipments more nearly in line with market requirements. Buying of surplus oranges in

Florida started during the first week in February.

Up to the first week in March, a total of 349,400 boxes of surplus oranges was bought in the California-Arizona area. According to the General Crops Section, had the quantity of oranges purchased been made available for commercial sales, California-Arizona growers would have received on-tree returns approximately \$200,000 less than they actually received during this period for oranges shipped to domestic commercial markets. Purchases of oranges in Florida totaled 277,100 boxes. Surplus removal operations in both orange-producing areas are being continued.

Pear Growers Aided

During the shipping season of fresh Bartlett pears, 155 cars, or 216,000 boxes, of surplus pears were bought for relief distribution, supplementing a marketing-agreement program. The buying operation made it unnecessary for growers to make distress sales during the peak of the shipping season.

Approximately 102,000 boxes of surplus fresh winter pears were bought during the last few months. Had these pears been sold in commercial channels, it is reported that they would have sold at prices so low as not to cover storage, packing, and marketing charges resulting in direct cash losses to growers.

Grape Purchases

Surplus fresh grapes were bought for relief distribution during the shipping season in the four important eastern grape-producing States. Purchases were principally of the Concord variety, and totaled 871,600 baskets of 12 quarts each. The program prevented a complete demoralization of the fresh market for Concord, offered an opportunity of sale to growers who otherwise could not have sold their crop, and stabilized the price made for sales to juice manufacturers.

Surplus Prunes Bought

Purchases of surplus dried prunes in the last few months totaled slightly over 8,900 tons. Buying of surplus prunes during this period, following unusually heavy domestic supplies and unduly low prices to producers, are reported to have reduced the losses to growers and the depressing effect which distress sales had on prices. In addition, the buying operation and distribution for relief continued the use of this food item by families lacking in purchasing power.

Vegetable Growers Aided Through Purchases of Burdensome Supplies

A program to assist growers of dry edible beans in improving selling conditions for the large supply was put into effect following a conference with the industry held last December. Prices for almost all the major varieties of dry edible beans had been declining steadily because of the excessively large crop.

Immediately after the program was developed following the December conference prices for major varieties improved even before purchases were started. Present prices range between 25 cents and \$1 per 10 pounds above the early

POTATO GROWERS MEET

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fically, it is in response to recent requests from producers in several States that consideration be given to the development of a potato marketing agreement program for the early and intermediate producing areas.

Marketing orders are now in effect in Michigan, Wisconsin, and Minnesota, and certain counties in North Dakota, Nebraska, Wyoming, Colorado, and Idaho. These orders have aided the industry in these producing areas to regulate the quality of potatoes shipped in interstate commerce.

Delegates to the conference will be composed of one grower member, one handler member, and the manager from the control committee of each of the three areas which have orders in effect. In addition to these, representatives from Maine, New York, Pennsylvania, Washington, and Oregon are expected. These States are not operating under marketing orders, but are interested in the late potato situation.

The group from the early and intermediate areas will be composed of two representatives from each of the following States except California, which is sending three: Florida, Georgia, Alabama, Mississippi, Louisiana, Texas, South Carolina, North Carolina, Virginia, Maryland, Arkansas, Oklahoma, Tennessee, Missouri, Kansas, Kentucky, and New Jersey.

December figure in the case of most varieties. Purchases of surplus beans to the first week of March totaled 40,790,000 pounds.

Surplus dried green peas purchased in Idaho and Washington during October and November totaled 50 cars of 60,000 pounds each. Recent purchases bring the total to nearly 6 million pounds of peas bought in these two States.

Florida Celery

Surplus celery is being bought in Florida by the Federal Surplus Commodities Corporation to assist growers in salvaging a portion of the surplus which cannot be moved into market channels outside of the State.

The purchase operation supplements the means celery producers and handlers are taking under a Federal marketing agreement program to adjust supplies moving into consumer channels more in keeping with market requirements.

The celery is being bought from handlers, growers, and associations of growers and is being distributed to the needy through State relief agencies. Purchases through the first week of March approximated 22,600 crates.

Florida celery growers may harvest the largest crop on record, as an estimated yield of 3,700,000 crates is anticipated from about 8,400 acres. About 3,500,000 crates were produced on 7,500 acres in Florida last year. Approximately three-fourths of the Nation's celery supply from January to May is grown in Florida.

A total of 678,700 cases of 24 No. 2 cans of green peas was bought from all major

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RELIEF PURCHASES

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canning areas in a program which was put into effect in February. The surplus of canned peas is due to the exceptionally heavy pack in the 1937 canning season. Following the announcement of the program, offering prices of canned peas in commercial markets strengthened slightly.

Canned Tomatoes

A total of 50,000 cases of 24 No. 2½ cans of tomatoes was bought in Utah just prior to the harvest in the fall of 1937 to relieve a price-depressing surplus and enable canners to meet their contractual obligations with growers. Evidence indicates that prices in regular channels for the 2 or 3 months which followed were maintained at about 10 cents a case above the price which would have prevailed had the purchase program not been put into effect.

During the peak of the 1937 tomato-canning season in the Virginia, Maryland, and Delaware area, a program was put into effect for buying surplus canned tomatoes, but no deliveries were made by canners because of the improvement in price which followed announcement of the program.

At the peak of the season in that area tomatoes fell to \$6 per ton delivered at the cannery, and canned tomatoes were being sold as low as \$1 a case. In addition, the pressure of the estimated total supply of tomatoes for canning was so great that the trade believed prices were in danger of falling much lower. To correct this situation and to raise the level of prices to growers to \$9 per ton, the Federal Surplus Commodities Corporation announced during the latter part of August that it would purchase canned tomatoes and invited offers of 500,000 cases during the balance of August and September.

Following this announcement, commercial market prices immediately advanced 10 cents a case and shortly afterward advanced another 5 cents. Before purchases could be made by the Corporation it became evident to the industry that the crop in that area would not be so great as had been expected. As a result it was not necessary to buy a single case in order to maintain the 15-cent increase which followed the announcement of the proposed purchase operation.

Buying Surplus Cottonseed Oil Aids in Halting Price Decline

Excess supplies of cottonseed oil and sharply declining prices necessitated a program of buying surplus cottonseed oil for relief distribution as a means of improving conditions confronting cotton growers. Prospects of the heavy 1937 cotton crop and the large quantity of cottonseed oil expected to be crushed caused the price of oil to decline from 7 cents per pound during the middle of August to 5.88 cents in the last week of September. Scattered reports indicated prices as low as \$10 per ton paid farmers for their cottonseed. The favorable weather during September increased the size of the cotton crop and the price of oil dropped to a low of 5.69 cents on October 12.

The cottonseed oil purchase program was announced during the middle of October and the price recovered to 6.12 cents for the balance of the month. Favorable weather conditions continued into December, producing a final crop slightly in excess of 18,700,000 bales of cotton which would yield seed enough to produce over 2,000,000,000 pounds of oil.

This was an all-time record for expected oil production, being 200,000,000 pounds above the previous record of 1926 and nearly 500,000,000 pounds above the 1928-32 average. In spite of the record size of the 1937 crop, the price of oil has been held relatively steady with some improvement. In addition, prices apparently were low enough to bring about a record consumption of cottonseed oil.

Purchases of surplus cottonseed oil totaled 9,780,000 pounds, equivalent to 8,704,200 pounds of shortening, for relief distribution.

The purchase program is reported to have stabilized the market and prevented a complete collapse in prices for both oil and cottonseed. Farm prices for cottonseed reported February 15 were \$19.63 a ton, an increase of about \$1 a ton over prices which prevailed in the previous 4 months.

Poultrymen Find Buying Surplus Eggs Helps Market Stability

Purchases of surplus eggs during the last year totaled 209,200 cases, bought in an effort to assist poultrymen in marketing large supplies which were seriously depressing prices at a time when feed costs were high. Reports from the trade indicate that during the period in which purchases of surplus eggs were made prices paid producers increased around 5 cents a dozen over what they otherwise would have received.

Buying surplus eggs for relief distribution to assist in improving market conditions this spring is contemplated by the Federal Surplus Commodities Corporation. Purchases made will be confined to eggs of recognized exchange grades, or of U. S. No. 2 standards, wholesale grade, or better.

Authorization of the Federal Surplus Commodities Corporation to purchase eggs followed a conference in Chicago, March 1 and 2, between Agricultural Adjustment Administration officials and producers and marketing men. The conference was held in cooperation with the National Poultry Producers Federation, at the suggestion of the federation.

Producers and hatcherymen attending the Chicago conference represented all geographic areas. They reported the recent decline in egg prices as one cause of liquidation of present laying flocks. The price decline, they said, has caused cancellations in baby chick orders and has reduced intentions to buy baby chicks in the immediate future. Should such a situation continued, it was pointed out, a decrease in production would result late in 1938 and early in 1939, with accompanying high prices to consumers and possible overexpansion the following year. A reasonable increase in the price of eggs over recent levels, it was said, would lend needed encouragement to flock replacement.

Buying Rice for Relief Use Helps Industry Face Surplus Problem

A large crop in 1937, coupled with a big carry-over, necessitated a program of removing surplus rice from market channels in order to improve selling conditions for growers. Last season's rice crop represents an increase of approximately 9 million bushels over the 1928-32 average, and an increase of approximately 4 million bushels over the 1936 crop. The carry-over of rice at the beginning of the current marketing year was approximately 3,600,000 bushels greater than at the beginning of the previous year.

For the current marketing year the supply of rice has been greater than ever before with no experience to indicate with any degree of certainty the price at which the supply could be sold.

At the beginning of the current marketing season, prices fell sharply and a great deal of uncertainty prevailed in the markets.

Under the purchase program a total of 42,110,000 pounds of surplus rice was bought for relief distribution. Prices of rice have been maintained at around a \$3 level at the New Orleans market. The purchase program has removed an important part of the surplus and given the market a degree of protection against disastrous temporary price declines during the period when farmers were forced to market the bulk of their crop. The buying operation has given stability to the market at a level which has facilitated movement of the large supply into regular commercial channels.

Potato Program Prevents Waste of Excess Supplies in Glutted Areas

A large crop of white potatoes grown in 1937 necessitated buying of surplus supplies for relief distribution in an effort to prevent prices from dropping to extremely low levels. Production in 1937 is estimated at slightly in excess of 391 million bushels compared to slightly over 371 million bushels, the 1928-32 average. Under the purchase program over 3,500,000 bushels of surplus potatoes were bought for relief distribution in the form of whole potatoes, potato starch, and potato flour.

The principal aim of the surplus potato purchase program has been to assist in relieving distress situations in particular market areas. In the Virginia-North Carolina area, the crop was kept moving and unsold cars were removed from the market at the end of the day. In the Red River region of North Dakota and Minnesota prices were maintained at a level high enough to pay farmers to dig their potatoes rather than to leave them to rot in the field. After purchases had been conducted for only a short while in North Dakota, it was possible to discontinue buying because commercial prices rose above prices paid by the Federal Surplus Commodities Corporation. In Idaho, purchases of surplus potatoes provided an additional outlet for the record crop in that State. Since surplus Maine potatoes were diverted to starch

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SURPLUS REMOVAL

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for relief distribution, the prices of potatoes in that State increased approximately 10 cents per 100 pounds.

While the price of potatoes to growers has not increased so much as might be desired, the effect of buying surplus potatoes for relief distribution has been to improve the total farm income from potatoes rather than materially increase the price per unit of potatoes sold by growers. In other years of large crops, many farmers have been forced to allow their potatoes to rot in the ground. To the extent that this has been prevented this year by the purchase of surplus potatoes, growers have received larger total returns than would have been the case had the buying operation not been put into effect.

Surplus sweetpotatoes were bought for relief distribution in addition to white potatoes. Production in 1937 totaled 75,400,000 bushels, a crop 18 percent larger than that in the previous year and 14 percent greater than the average production in the 1928-32 period. Purchases of surplus sweetpotatoes totaled 347,600 bushels, bought mostly during the peak of the shipping season. As a result of the buying operation, the sharp decline in prices experienced by growers was halted and prices increased steadily during the following months.

Dairy Buying Programs Relieve Temporarily Depressed Markets

Frequent requests for purchases of surplus dairy products, particularly when markets are unsettled and showing signs of weakening, indicate the general recognition in the industry of the importance of this type of program.

In view of the great volume of annual dairy production, it is apparent that a surplus removal program as a measure for bringing about much of an increase, or for preventing much of a decrease, in the annual level of prices would involve the purchase of large quantities. Accordingly, a limited purchase program involving moderate quantities should be considered primarily as operating on a short-time basis at times when it can do the most good in preventing or relieving temporarily depressed returns to producers.

Dairy Products Bought

Since August 1933, when the surplus-removal program was started by the Agricultural Adjustment Administration, purchases have totaled over 76,235,000 pounds of butter, 19,051,000 pounds of cheese, 72,474,000 pounds of evaporated milk, and 42,625,000 pounds of dry skim milk. The expenditure for those products has totaled \$28,587,000. During recent months, about 5,151,000 quarts of surplus fluid milk also have been purchased supplementing operations of an order regulating the handling of milk in the Boston marketing area.

Because of the complexity of factors involved, it is, of course, difficult to evaluate precisely in a quantitative way the effects of these short-time purchase activities. On the basis of apparent price-quantity relationships alone, which seem

HEARING PHILADELPHIA ON MILK MARKET PLAN

Marketing Agreement Program For Area to be Considered at Joint Hearing

A public hearing on a proposed marketing agreement and order for handlers of milk in the Philadelphia, Pa., marketing area will open March 17 at the Benjamin Franklin Hotel, Philadelphia.

The hearing is being called at the request of the Pennsylvania State Milk Control Commission, and the cooperative milk marketing associations supplying the Philadelphia market. It will be conducted jointly by the Agricultural Adjustment Administration and the Pennsylvania Milk Control Commission.

The program which the agreement and order proposes to make possible is designed to complement the efforts now being made by the State in regulating intrastate milk shipments by providing a means of regulating interstate shipments of milk in the Philadelphia market which includes considerable suburban territory.

Provisions of Program

Main provisions of the agreement and order govern the administration of the program through a market administrator; establishment of minimum prices which handlers are to pay producers for milk bought; and the classification of milk into three classes so that handlers may pay producers according to the use made of milk bought.

Handlers would be required to submit to the market administrator periodic reports showing the volume of milk received from producers during each month, the utilization of this milk, and the payments made to producers.

to indicate that total expenditures of consumers for butter, and presumably for other manufactured dairy products, tend to remain about the same or increase somewhat when supplies are reduced, it would appear that the farm income from dairy products probably has been increased by something more than the sum expended in the program. However, this alone does not take into consideration any additional influence which the timeliness of purchase operations may have had on prices. Also, it should be noted that all of the dairy products purchased by the Federal Surplus Commodities Corporation have been distributed in relief channels. The contribution to the needs of persons on relief who have been unable to buy essential food products, as well as the tendency of the diversion program to encourage wider use in homes of such products as dry skim milk, should be included among the benefits of the surplus-removal program.

Factors Considered

In operating a limited purchase program pointed primarily at the diversion of temporary price-depressing surpluses from commercial to relief channels, the volumes of products purchased are not the only factors to be considered. The timeliness of activities, the degree of

BANG'S DISEASE WORK

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entry of all cattle into the area except from accredited herds. Thus, when the complete testing of all herds has been accomplished there is very little, if any, danger of reinfection.

Indicative of the increased interest States are taking in area work there are now 200 counties in 17 States that have compulsory area test regulations for the control of Bang's disease, and area testing is progressing rapidly in North Carolina, Florida, Georgia, Virginia, West Virginia, Pennsylvania, Wisconsin, Oregon, Maryland, Louisiana, Minnesota, Washington, Arkansas, and Maine, and is being initiated in Ohio, Nevada, Kentucky, New Mexico, Arizona, Utah, Oklahoma, Tennessee, and other States.

State Appropriations

Already 12 States have made appropriations for the Bang's disease work, which is in addition to the Federal funds. These States are: New Hampshire, with an appropriation of \$130,000 for the biannual period; Delaware, \$80,000 biannually; Maryland, \$200,000 biannually; Virginia, \$27,000 annually; New York, \$300,000 annually; Pennsylvania, \$800,000 biannually; Wisconsin, \$250,000 biannually, which is only to be spent in counties where area testing is in progress; Oklahoma, \$50,000 biannually, for operating expenses only; Florida, \$50,000 biannually; Washington, \$200,000 biannually; Minnesota, \$135,000 annually, for operating expenses only; and Utah, \$40,000 biannually, for operating expenses only.

stability in the market, possible offsetting influences of increasing domestic and foreign supplies, as well as current and prospective conditions with respect to both production and demand, are important considerations.

Current Operations

In the current season, dairy products prices have declined sharply since early December. Whether supply and demand conditions were sufficiently favorable to support quite such a firm market as in November and early December appears somewhat questionable. Some decline in prices from those levels may have been a logical adjustment to the weakened demand and increased supply conditions. However, in view of the unsettled condition and continued weakening of the markets, it has appeared advisable to make some Government purchases of butter. From February 14 through March 5, a total of 1,268,000 pounds of butter was purchased in the Chicago and New York markets. These purchase activities appear to have had a steadying influence on the markets.

In addition to the purchase activities at Chicago and New York, negotiations are being made to extend the butter purchase operations to the Pacific coast to relieve conditions in those markets.

The Federal Surplus Commodities Corporation also has asked for bids on not to exceed 5 million pounds of spray process dry skim milk to help reduce surplus stocks in the dry milk industry.